

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
AUTHORITY TO IMPLEMENT A DISTRIBUTION)
SYSTEM IMPROVEMENT CHARGE (DSIC)) PSC DOCKET NO. 19-0791
RATE FOR NATURAL GAS DISTRIBUTION)
EFFECTIVE JANUARY 1, 2020 PURSUANT TO)
26 *DEL. C.* §315)
(FILED NOVEMBER 26, 2019))

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
AUTHORITY TO IMPLEMENT A DISTRIBUTION)
SYSTEM IMPROVEMENT CHARGE (DSIC)) PSC DOCKET NO. 20-0345
RATE FOR NATURAL GAS DISTRIBUTION)
EFFECTIVE JULY 1, 2020 PURSUANT TO)
26 *DEL. C.* §315)
(FILED MAY 28, 2020))

ORDER NO. 9827

AND NOW, this 23rd day of June 2021, the Delaware Public Service Commission
("Commission") determines and orders the following:

WHEREAS, under the provisions of 26 *Del. C.* § 315, an electric or natural gas
utility may calculate and collect a "Distribution System Improvement Charge" ("DSIC
Rate"), allowing it to begin recovering depreciation expenses and a return on capital
invested in "eligible distribution system improvements" put into service between rate cases;
and

WHEREAS, under 26 *Del. C.* § 315(b)(3) and (b)(5), an electric or natural gas utility's DSIC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect eligible improvements placed into service within the preceding six months;¹ and

WHEREAS, on November 26, 2019, Delmarva Power & Light Company ("Delmarva") filed an application to increase its Gas DSIC Rate from 3.12% to 3.77%, effective January 1, 2020; and

WHEREAS, on December 12, 2019, by Order No. 9513, the Commission opened Docket No. 19-0791 and approved Delmarva's application to increase its Gas DSIC Rate to 3.77%, effective January 1, 2020, subject to Commission Staff's ("Staff") annual review and audit of Delmarva's Gas DSIC Rate; and

WHEREAS, on February 21, 2020, Delmarva filed an application with the Commission in PSC Docket No. 20-0150 for an increase in natural gas distribution base rates; and

WHEREAS, on March 18, 2020 the Commission entered Order No. 9563, which suspended the proposed rate increase pursuant to the Commission's authority under 26 *Del. C.* § 306(a)(1). Order No. 9563 also approved, pursuant to 26 *Del. C.* § 306(b), Delmarva's statutory right to place into effect, on an interim basis, a rate increase of \$14,635,650, effective September 21, 2020, subject to refund. Further, pursuant to 26 *Del. C.* § 315(b)(9), the Commission ordered that the Company's Gas DSIC Rate be reset to zero effective September 20, 2020 (*i.e.*; one day before the temporary base rates became effective); and

¹ For a more detailed description of the DSIC Rate mechanism, see PSC Order No. 5850 (December 11, 2001).

WHEREAS, on May 28, 2020, Delmarva filed an application to increase its Electric DSIC Rate from 3.77% to 6.31%, effective July 1, 2020; and

WHEREAS, on June 17, 2020, by Order No. 9609, the Commission opened Docket No. 20-0345 and approved Delmarva's application to increase its Gas DSIC Rate to 6.31%, effective July 1, 2020, subject to Staff's annual review and audit; and

WHEREAS, Staff conducted a review and audit of Delmarva's Gas DSIC components and calculations contained in Docket No. 19-0791 and found that the numbers complied with the statutory requirements and aligned with the Gas DSIC Rate which the Commission previously approved in Order No. 9513. Specifically, Staff found that:

- (i) Delmarva's overall rate of return did not exceed its authorized overall rate of return;
- (ii) Delmarva collected \$1,979,033 in Gas DSIC revenues for PSC Docket No. 19-0791;
- (iii) the plant portion of Delmarva's Gas DSIC calculation was accurate; and (iv) the total depreciation as calculated by Delmarva agreed with its general ledger; and

WHEREAS, based on its audit of the additional plant claimed by Delmarva in Docket No. 19-0791 and the revenues collected by Delmarva under the 3.77% Gas DSIC Rate, Staff recommended that the Commission approve, as final, Delmarva's Gas DSIC Rate of 3.77% for January 1, 2020, through June 30, 2020; and

WHEREAS, Staff conducted a review and audit of Delmarva's Gas DSIC components and calculations contained in Docket No. 20-0345 and found that the numbers complied with the statutory requirements and aligned with the Gas DSIC Rate which the Commission previously approved in Order No. 9609. This Gas DSIC Rate was not based on any new plant additions. The increase was solely based on an under-collection adjustment as a result of Delmarva's 2019 Gas DSIC audit and review. Staff found that:

(i) Delmarva's overall rate of return did not exceed its last authorized overall rate of return;
and (ii) Delmarva collected \$703,444 in Gas DSIC revenues for PSC Docket No. 20-0345;
and

WHEREAS, based on its audit of Docket No. 20-0345 and the revenues collected by Delmarva under the 6.31% Gas DSIC Rate, Staff recommended that the Commission approve, as final, Delmarva's Gas DSIC Rate of 6.31% for July 1, 2020 through September 20, 2020; and

WHEREAS, Staff recommended that the Commission formally close PSC Docket Nos. 19-0791 and 20-0345;

**NOW THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Under the provisions of 26 *Del. C.* § 315, the Commission hereby approves as final Delmarva's 2020 Gas DSIC Rates of 3.77% (effective January 1, 2020, through June 30, 2020) and 6.31% (effective July 1, 2020, through September 20, 2020), as previously allowed to go into effect by PSC Order Nos. 9513 and 9609.

2. That nothing in this Order shall preclude the examination and challenge of Delmarva's claims in any base rate proceeding.

3. That the annual audit of the filings made in PSC Docket Nos. 19-0791 and 20-0345 are concluded, and these dockets are hereby closed.

4. That the Commission reserves the jurisdiction and authority to enter such further orders in these dockets as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Dallas Winslow, Chairman

Joanne Conaway, Commissioner

Harold Gray, Commissioner

Manubhai "Mike" Karia, Commissioner

Kim F. Drexler, Commissioner

ATTEST:

Donna Nickerson, Secretary